Bangladesh breakers still in limbo

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Yards are still buying vessels but High Court has yet to signal when breaking can restart.

The number of vessels bought by Bangladesh breakers in recent weeks has built up but there is still no sign of a green light for breaking.

Despite positive news that the country's High Court would set out the conditions for breaking operations to resume, the order has yet to be signed.

That has left the demolition sector increasingly uneasy about the much-anticipated reopening of Chittagong yards.

It has also opened the door for India, Pakistan and China to step up their game, with keen interest leading to some solid purchases over the past week.

"Cash buyers and owners started to reposition their tonnage because of Chittagong's mixed messages, with patience swiftly running out for any imminent resolution in Bangladesh," said US-based cash buyer GMS.

"Whether corruption, intrigue or sheer laziness is the reason behind the delay, it is all very rapidly becoming immaterial as the validity and promises of official empty words begin to become meaningless."

Those with tonnage committed to Bangladesh "are bleeding", GMS said, and vessels are likely to be diverted to other markets if there is no change in the short term.

The enticement to divert is there, not just in the form of guarantees on delivery and payment, but in terms of prices too.

When news emerged of an imminent reopening of Chittagong some weeks back, rates for Bangladesh-bound ships broke through the $500 per ldt level and left India and Pakistan in the shade. Now, though, breakers in both those countries are cashing in on the delays and offering deals in line with recent market highs.

Increased appetite ahead of the monsoon season next month has also helped push prices north, particularly in India.

"Indian breakers are willing to offer prices in excess of $500 per ldt for tonnage. Much of this can be attributed to the fact that Indian shipbreakers are aiming to secure prime units in advance of the expected return to the market of their Bangladeshi counterparts, which will probably lead to heightened competition," said London-based Clarkson Research Services.

Top of the recent sales was the 1982-built, 6,920 ldt liquefied petroleum gas carrier Castor Gas, operated by Magnus Carriers and reported sold to an Indian buyer for $540 per ldt, or nearly $2.2m.

In another healthy sale, Polish Steamship's 1995-built, 6,762 ldt Penetope was reported purchased by an Alang buyer for $520 per ldt, or $3.6m.

Brokers also reported that the 1977-built, 5,611 ldt bulk carrier Sotria, operated by Larus, was sold to an Indian buyer for $511 per ldt, or nearly $2.9m.

In another deal, the damaged 1980-built, 14,700 ldt containership MSC China was reported sold for delivery in India at the rate of $472 per ldt, or $6.9m.

Pakistan breakers were also active over the past week, though rates lagged a little behind those in neighbouring India.

The 1988-built, 9,015 ldt tanker Gulf Nomad, operated by ITM Holding, was reported sold 'as is' Fujairah to a Pakistani buyer for $510 per ldt, or nearly $4.6m.

In another recent sale, a Gadani buyer was also reported to have paid $470 per ldt, or just over $5m, for Taaz General Trading & Shipping's 1981-built, 10,770 ldt bulk carrier Napoleon.

In China, rates are significantly lower than on the Indian subcontinent but Chinese buyers have nonetheless proved successful in securing some vessels, including a large capesize bulker.

A Chinese buyer was reported to have paid $455 per ldt, or just over $10m, for Cosco's 1986-built, 22,250 ldt bulk carrier Merit Land. The deal included 500 tonnes of bunker on board.

In another sale, the 1981-built, 16,593 ldt tanker Milkyway, operated by Pan Cosmos Shipping, was reported sold for delivery in China at the rate of $465 per ldt, or $7.7m.